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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554

In the Matter of	)	
	)	
Amendment of Parts 21 and 74 of the Commission's Rules With Regard to Filing Procedures in the Multipoint Distribution Service and in the Instructional Television Fixed Service	)	MM Docket No. 94-131
	)	
and	)	
	)	
Implementation of Section 309(j) of the Communications Act - Competitive Bidding	)	PP Docket No. 93-253

To: The Commission

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CONSOLIDATED OPPOSITION OF INSTRUCTIONAL TELECOMMUNICATIONS FOUNDATION TO PETITIONS FOR RECONSIDERATION

Instructional Telecommunications Foundation, Inc. (ITF) hereby opposes the following aspects of Petitions for Reconsideration filed in the above-captioned proceeding.

I. The Commission Should Not Grant Blanket MMDS or ITFS Authorizations.

In its Petition for Partial Reconsideration, Bell Atlantic (BA) requests that BTA winners be granted blanket authority to build MMDS facilities on MMDS channels, and, if the BTA winner leases excess capacity on an ITFS system, ITFS channels as well.[1]

With respect to MMDS channels, BA requests that the Commission dispense with "long form" applications for BTA winners and substitute a highly streamlined process based upon BTA-wide "blueprints" for MMDS facilities and a post-installation certification procedure.[2] While BA argues that such a system would reduce processing burdens on the Commission, BA fails to take

[1] Bell Atlantic Petition for Partial Reconsideration, pp. 2-3.

[2] Id., pp. 3-10.

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into account that the purpose of the licensing process is not to minimize paperwork but rather to insure that the public's access to wireless services is not compromised by interference. Since the inception of the MMDS service, the Commission has accomplished this purpose through what BA refers to as "long form" applications, thousands of which it has processed through methods that include procedural checks and balances, including the ability of affected entities to file petitions to deny.

In reality, "long-form" applications do not diminish the rights accorded to BTA winners, since the same interference-protection standards would apply regardless of the means by which the Commission issues authorizations. However, long-form applications do increase safeguards against interference, as they allow full participation by all affected parties.

Long-form applications also allow ITFS licensees to modify their facilities during the process of a BTA build-out, and to protect the modified facilities from interference. Apparently, under BA's proposal, an ITFS system would not be able even to protect new school receive sites from interference once a blanket authorization had been issued, since those new sites could not have been included in the original blueprint.

BA argues that the PCS service offers a precedent for the streamlined processes which it advocates, and, indeed, PCS does offer a case in which the Commission has auctioned partially-encumbered spectrum. However, BA omits to mention that the Commission's PCS Rules include substantially greater safeguards against interference that does BA's proposal.

Under Section 24.237, which BA cites in footnote 4 of its Petition, PCS licensees are required to coordinate their frequency usage with co-channel or adjacent channel incumbents. Coordination with incumbents---presumably

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BA also argues that the blueprint model is desirable in that it "would get all existing licensees involved in the processing right away." Id., p. 9. To the degree that ITFS educators---especially those without the backing of wireless cable lessees---do not get involved right away, however, harmful interference could be the result of such "streamlined" processing.

Id., p. 7.

Id.

including individualized notification and consultation---must occur before the PCS operator is allowed to initiate operations from any base station. The Commission adjudicates disputes when coordination fails.

In contrast to the PCS Rules, BA's proposal involves no notification of or consultation with affected incumbents, and gives them no occasion to participate other than during consideration of the BTA-wide blanket application. The fact is that the PCS Rules bear a greater resemblence to the safeguards of the "long-form" application process than BA's streamlined system, which, following issuance of a blanket authorization, converts the BTA winner into something approaching its own FCC.

BA makes an even more erroneous recommendation when it suggests that if a BTA winner leases excess ITFS capacity, the ITFS licensee should be accorded a blanket right to construct additional ITFS facilities within the BTA.[1] BA points out that when a BTA winner leases MMDS airtime, the MMDS station is accorded a BTA-wide PSA, whereas more limited interference protection is available when a BTA winner leases excess ITFS capacity.[2]

BA ignores the essential fact that MMDS and ITFS are completely different services with radically different purposes. Unlike MMDS, ITFS is a primarily educational service. ITFS facilities are thus to be constructed primarily to serve educational ends. The fact that an ITFS licensee leases excess capacity to a BTA winner does not inherently mean that it possesses an educational need to serve sites throughout the BTA. Even more significantly, other educational entities should not have their ability to secure ITFS spectrum reduced simply because one ITFS licensee signs a commercial agreement with a BTA winner.

In distinct opposition to BA's approach, ITF believes that a BTA winner should be accorded rights to both MMDS and ITFS spectrum based solely upon the 35-mile PSAs of licensed facilities obtained through long-form applications. In our Petition for Reconsideration, we documented that other approaches to

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[1] Id., pp. 10-13.

[2] Id., p. 11.

licensing and PSA protection produce devastating consequences for ITFS service.[7] In line with our reliance on 35-mile PSAs, however, we agree with BA, Trans Video Communications, and the Wireless Cable Association International (WCAI) that when an ITFS facility is located near a BTA boundary and a BTA winner leases its excess capacity, the BTA winner's commercial programming should be accorded a full 35-mile protected service area.[8]

II. <u>The Commission Should Insure that Educational Entities Remain Able to Gain Access to ITFS Spectrum for the Purpose of Establishing New ITFS Systems</u>.

In its Petition, WCAI accurately points out that the system of PSA protection which the Commission established in the above-captioned proceeding threatens the ability of ITFS licensees to modify their transmission facilities.[9] ITF believes that WCAI should have taken the logical next step in pointing out that these same considerations also threaten the ability of educators to gain access to <u>new</u> ITFS facilities.

Pacific Telesis Enterprise Group and Cross Country Wireless (PTE/CC) submit joint comments which, while somewhat ambiguous, call into question the principle that educators should be able to gain access to new ITFS spectrum. PTE/CC states that with "protected service areas having been fixed, the potential bidders can ascertain the extent to which the MDS spectrum is encumbered and better place an appropriate market value on the BTA."[10] A footnote in the PTE/CC Petition establishes that PTE/CC is not referring only to fixing the PSAs of MMDS incumbents, since it refers to analyzing "all existing and proposed ITFS and MMDS stations..."[11]

It is true that unless educators are barred from establishing new ITFS stations, prospective bidders for BTA spectrum will be deprived of some

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[7] See ITF's Petition for Partial Reconsideration and Clarification, pp. 4-6.

[8] For a discussion of this issue, see, for example, WCAI's Petition for Reconsideration and Clarification, p. 20

[9] <u>Id</u>., pp. 25-27.

[10] PTE/CC Petition for Reconsideration and Clarification, p. 4.

[11] <u>Id</u>., footnote 4.

certainty. However, in its Report and Order the Commission did not enunciate, and ITF believes that it did not intend, a wholesale reassignment of ITFS spectrum to commercial purposes.

ITF urges the Commission, in the most vigorous terms, to reconsider those aspects of its BTA auction Rules which could lead to a de facto reallocation of educational ITFS spectrum to commercial ends.[13]

III. The Commission Should Rescind BTA Winners' Right of First Refusal to Lease ITFS Capacity, a Policy Which Undermines the Integrity of the ITFS Service.

ITF was gratified see the number of petitioners which opposed the Commission's granting BTA winners a right of first refusal to lease ITFS spectrum.[14] Certain petitioners raised significant questions concerning the constitutionality of this provision,[15] and the manner by which it was adopted without the opportunity for public comment, in contravention of the Administrative Procedures Act.[16] However, none of these numerous other petitioners fully analyzed the threat to ITFS posed by the likelihood that unscrupulous "boiler room" bidders might win BTAs, especially those BTAs thought to be undesirable due to their highly encumbered spectrum.[17]

Two articles published within the last eight days establish that the threat of "boiler room" operations is not merely a remnant from an earlier period in the wireless cable industry. Rather, this type of abuse remains an immediate threat.

The attached article from the September 4, 1995 edition of Multichannel News, for example, reports the recent conviction of George Nicholas Riggle, a

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[13] See ITF Petition, p. 6, for a discussion of the pertinent aspects of these Rules.

[14] By ITF's count, all but one petitioner opposed this policy.

[15] Petition for Reconsideration filed by Schwartz, Woods & Miller, pp. 5-8.

[16] WCAI Petition, pp. 3-6.

[17] Which is not to say that no other pleadings raised this issue. See, for example, the Petition for Reconsideration and Clarification filed by the Area Commission of Greenville Technical College et al, p. 4.

wireless cable scamster. In this very recent article, an enforcement official warns that "bogus companies are springing up nationwide in hopes of bilking investors looking to invest in the information superhighway."[18]

Yesterday's issue of Forbes magazine contains the attached profile of one Marcus Dalton, a man who has been accused of extensive involvement in "boiler room" operations.[19] Mr. Dalton remains at large, and there is no suggestion that he or his compatriots have been put out of business.

Respectfully submitted,

INSTRUCTIONAL TELECOMMUNICATIONS
FOUNDATION, INC.

By: _____
John B. Schwartz, President
P.O. Box 6060
Boulder, CO 80306

Dated: September 12, 1995

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[18] Estrella, Joe, "MMDS' 'Boiler Room' Operator Convicted," Multichannel News, September 4, 1995, p. 6.

[19] Meeks, Fleming, "The Grifters," Forbes, September 11, 1995, p. 138.

MMDS' 'Boiler Room' Operator Convicted

By JOE ESTRELLA

DENVER — A Denver District Court has handed down what may be the first conviction involving the sale of unregistered securities tied to the wireless cable television industry.

George Nicholas Riggle, 53, was convicted under the Colorado Securities Act of using unlicensed sales representatives to sell unregistered securities.

Riggle's sales reps preyed on investors nationwide with promises of financial rewards tied to the "untapped" growth in the wireless cable industry.

Operating under the name Infotech, Riggle's agents sold units in Parkersburg Wireless Cable Ltd. Liability Co., a Nevada-based outfit supposedly raising funds to bid on wireless licenses being auctioned by the Federal Communications Commission. Each unit cost $5,000, and investors were required to buy a minimum of two units.

"It was basically a 'boiler room' operation for churning out commissions, and for the promoter to take in funds with almost no realistic economic chance of making a go of the venture," said Phil Fagin, commissioner of the Colorado Division of Securities (CDS).

Fagin said Riggle's staff neglected to mention that Parkersburg Wireless was proposing to build its system in a mountainous area of West Virginia.

"Expert witnesses testified that it would be an unprofitable place to use line-of-sight technology," Fagin said.

Testimony also revealed that 50 percent of the money put up by investors went to the sales representatives, with most of the rest absorbed by fees, said Colorado assistant attorney general Vic Reichman, who prosecuted the case.

Riggle was sentenced to 90 days in Denver County Jail and 100 hours of community service. He must pay $32,000 in restitution to three investors, and he also received a three-year suspended prison term, if he completes a six-year probation.

It's estimated that Riggle's scam raised in excess of $500,000, mostly from investors outside Colorado. However, another half-dozen independent offices were known to have sold interests in Parkersburg Wireless, pushing the national total to about $11 million, Reichman added.

Riggle was selling line-of-sight technology in the mountains.

The Securities and Exchange Commission did manage to seize some Infotech assets and expects that investors will get back 20 cents for each dollar invested.

When state officials raided Infotech, they discovered Riggle's staff "sitting there, smiling and dialing [and] reading from telemarketing scripts," Fagin said.

Colorado attorney general Gale Norton and Fagin went after Riggle, even though most state officials shy away from cases that don't involve in-state victims.

In most states, "If they don't have an in-state victim, it's 'have a nice day,'" Reichman said.

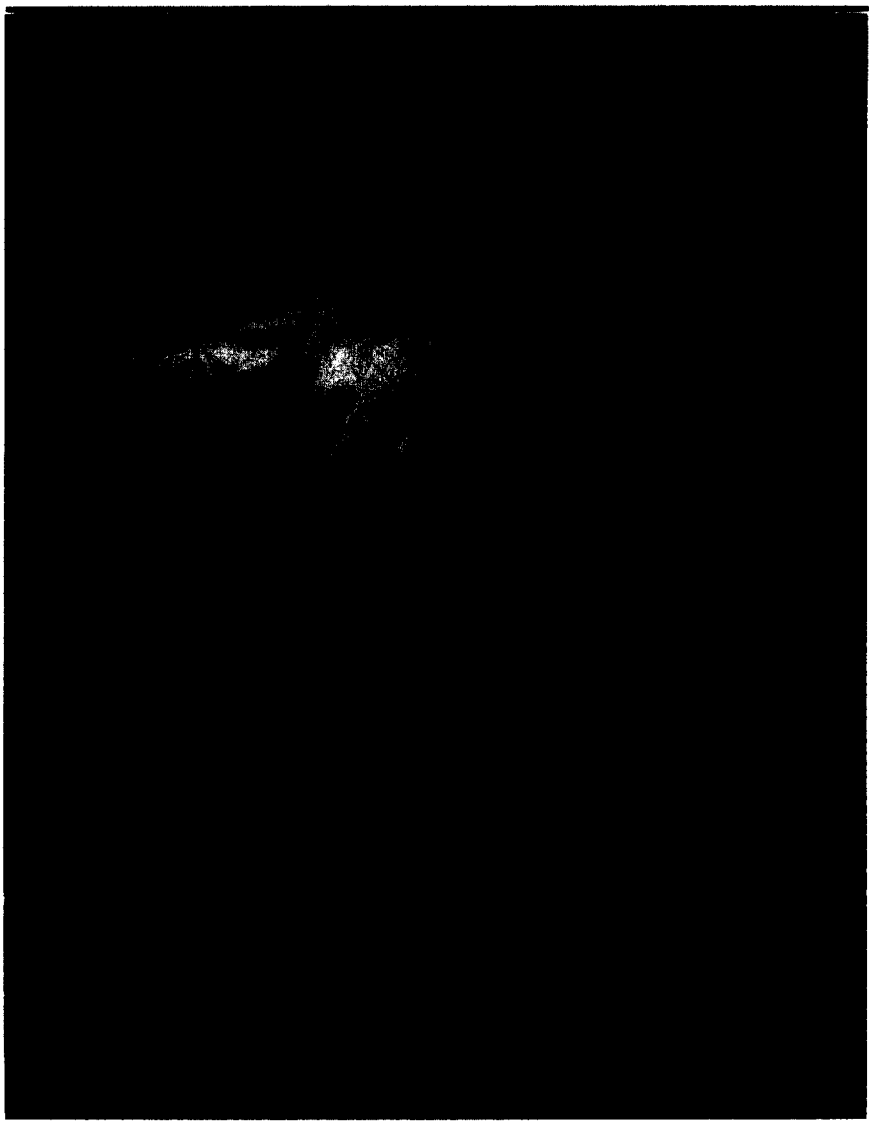
Fagin warned that other bogus companies are springing up nationwide in hopes of bilking investors looking to invest in the information superhighway.

"It's the fraud of the decade," he said. —MCN

The information age is breeding a new sort of scamster. They put penny stock operators to shame. Meet Marcus Dalton

The grifters

By Fleming Meeks



Alan Levenson

OVER DINNER at Sam & Harry's restaurant in Washington, D.C., two masters of the art of separating people from their money were trading war stories. Plump and tanned, a beaming Marcus Dalton told his companion, Pendleton Waugh, how he once obtained a list of Alzheimer's patients.

"He had his salesmen call them and talk to them for a while like they knew them," recalls Waugh of the dinner three years ago. "Then the salesmen would call back a second time and spring them with, 'Where's that $5,000 you said you were going to send me?' Marcus thought that was hilarious," says Waugh.

Waugh is now in a federal prison for conspiracy to launder money, but Marcus Dalton is still at large and still separating the unwise and unwary from their cash. Dalton, 42, a high school dropout and the son of a former Reno croupier, cut his teeth selling tax shelters and vacation timeshares. In 1975 he pleaded guilty to forging stolen airline tickets and was sentenced to 30 days in jail and three years' probation. It wasn't until the early 1980s that his telemarketing skills and lack of scruples became a winning combination. Dalton discovered wireless communications.

Marcus Dalton recalls the discovery clearly. "In 1983 one of my tax shelter contacts brought to my attention a very little known cellular licensing opportunity." The Federal Communications Commission was just beginning to parcel out cellular telephone licenses by lottery. Dalton jumped at the opportunity to peddle applications for the cellular lotteries.

Like most scams, these count on the victim's greed overcoming his common sense. Here's a hypothetical encounter between a potential victim and the scam salesperson:

The phone rings. The salesman asks you whether you know how much money was made by early investors in TV. In cable? In cellular? You missed out, did you? Well, don't miss out on this one. Have you read that the feds are about to give away licenses for wireless cable TV? You have?

Marcus Dalton at the "Wireless Embassy"
Two steps ahead of the law.

Wouldn't you like to have a piece of one of those licenses? We'll prepare an application for you—engineering reports, legal work. We'll point you to the best potential markets.

What'll it cost me?

Seven thousand dollars.

What are my chances?

We'll put you together with a group of about 60 people. If we win, your share could easily be worth $100,000. With our contacts and our top-notch engineering studies, you can hardly lose.

In fact, you can hardly win. In many cases the scamsters' engineering studies are so weak that the applications are thrown out. In many other cases the licenses have already been granted, and the application simply asks for a possible waiver—almost certain to be rejected.

There are numerous variations on this theme, but you get the idea. It's penny stock huckstering updated for the cyberspace age. These are the successors of Robert Brennan and Meyer Blinder.

Marcus Dalton was a true pioneer. Under the assumed name of Marcus Keith, Dalton went to work for American National Cellular. This sleazy outfit was founded by a couple of really shady characters: Earl Scrap, a fast-buck artist who fled the country in 1985 with $1.2 million of the company's cash—after the Federal Trade Commission froze its assets—and Joseph Steingold, who went on to serve three years in correctional facilities for his role in the collapse of the Salem Mortgage Co.

American National Cellular was shut down by the FTC in 1985 for misleading investors as to their chances of winning a license.

In the decade that has elapsed, Dalton's fingerprints have been all over many of the biggest of the FCC license scams. We're talking serious money here, investors separated from close to a half-billion a year, in wireless cable TV, specialized mobile radio, interactive TV and personal communications systems. Not even the FCC's recent move to auction off the spectrum seems to have slowed the scamsters down.

As the scam matured, Dalton took another leaf from the book written by Robert Brennan (FORBES, *July 17*). He graduated from peddling the scams for others to creating scams for other people to sell.

Pendleton Waugh, in his pre-Leavenworth days, pitching a wireless deal on video.

Is he singing to the feds to get his sentence reduced? "Boy, I can't comment on that. But it sure would be nice to get out of here."

A self-styled "consultant," Dalton lives and works at what he calls the "Wireless Embassy," an airy contemporary home overlooking the Pacific in Laguna Beach, Calif. "I can sit at my desk and see dolphins and whales and sea otters," he brags. While he enjoys the views, telephone working salespeople do the dirty work for him now. He has "consulted" for at least a half-dozen companies that have come under attack from the FTC, the Securities & Exchange Commission and state securities regulators.

Dalton is always one or two steps removed from the action. He is never a principal. Think of him as a packager of scams. He will help put together the deals and dreams up the sales pitches. He takes his cut off the top.

And what a top! Between 1989 and 1992 tens of thousands of investors paid $3,000 to $7,000 each just to apply for a chance at the FCC wireless cable lotteries. The prize was a stake in a license to operate cable television systems that deliver their signal to subscribers by microwave. In just three years the wireless cable application mills took in some $100 million.

An early Dalton "client" was a Sacramento-based outfit called Communication Engineering & Management Services. In 1989 Thomas Evans was a sales manager at CEMS, but Dalton called the shots. "Marcus staffed my sales team with these gunslingers from around the nation," recalls the soft-spoken Evans. "These guys were as good as I've ever seen on the phone. They could talk you out of your mother." Eventually Dalton had a falling-out with CEMS' owner over money and moved on.

Next was North Miami-based Applied Telemedia Engineering & Management, or Ateam, run by Anthony Liggio. One of Liggio's previous companies, First Petroleum Corp. of America, sold applications for the Department of Interior's oil and gas lotteries in the early 1980s and was shut down by the FTC in 1983.

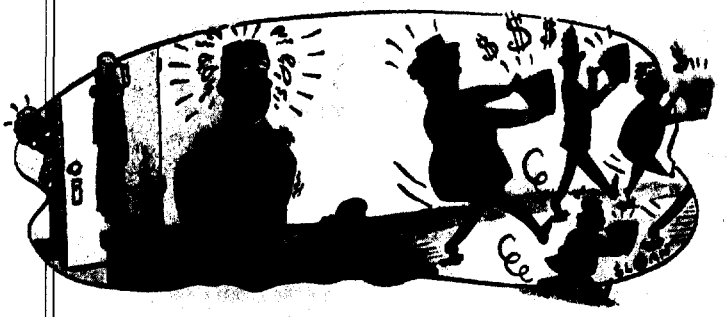
Ateam took in an estimated $12 million from unwary investors, at $6,000 an application. Dalton's cut of the action was $300 per application—about $600,000—paid to him as a referral fee from the engineering firm that prepared the actual applications.

At the same time, Dalton worked with Las Vegas-based American Microtel, which took in $17 million for wireless cable applications before the FTC shut it down in 1992 for deceptive sales practices.

FORBES learned a lot about Dalton's practices from Pendleton Waugh, Dalton's now jailed former compatriot.

Slouching his 6-foot-4 frame into a beat-up chair in the visitors' room at Leavenworth's Federal Prison Camp, Waugh explains that Dalton's trick was to apply for wireless cable licenses that had already been granted. "I asked Marcus how in the world he could find any markets to file in when I couldn't find any," says Waugh, a former securities lawyer and penny stock operator. Dalton explained that he would ask for

Boiler room economics



SELLING phony stocks and near-worthless license applications isn't all fun and games. Listen to this tale of woe from a former Florida bucket shop operator:

"Think about it. Let's say you have a 20-man operation. The phone bill, you're talking at least $1,000 a man. That's $20,000. Then you've got the crank-up costs. The computers, the office equipment, office rental, telephone system. And you've got the brochure cost, that's at least five bucks apiece." Why are brochures so expensive? Because the bucketer must buy them from the promoter, who is not in business for the heck of it. "And you've got the Federal Express cost for sending the brochure out and the Federal Express cost for bringing it back in.

"Then there's the leads. These guys pay $30 apiece for them, and maybe only 1 in 10, 1 in 12 closes. So think about how much advertising is costing. Then you got legal fees, then you got secretarial. And a salesman makes 10%, maybe 15%. What salesman is going to do a deal like this for less than 10%?

"So, there you're sitting on at least 35% of each dollar that comes in. And that's if you've got a real smooth operation."

Our reformed bucketer is just getting wound up. The boiler room manager makes 5% on the deal, as does the recruiter, or consultant, who puts the promoter and the room owner together.

"If the government really sat down and took a look at the numbers, they'd see it's not so lopsided," he says, starting to feel sorry for himself. "If I'm a Merrill Lynch, and I already have my deal set up, and the rent is already being paid and my overhead is covered, then maybe I could get away with charging 8%, 10% commissions. But if you have an organization, that all it does is represent one program, where the hell does anybody think the money comes from?" –F.M.

waivers to operate in areas that overlapped already licensed markets. " 'But you can't get a waiver,' I said. 'Yeah,' he says, 'but I'll file for one anyway.' "

Dalton brims with ideas. He seems to have controlled something called Micromedia Development Service, a company he set up with his father, Arthur, as nominal boss. In 1991 and early 1992 the Washington, D.C. based firm prepared some 5,000 applications for application mills like Ateam and American Microtel. For its services Micromedia Development was paid $1,350 per application, or roughly 22% of the retail price. Marcus Dalton concedes that a large majority of those applications were filed with waiver requests.

Barbara Kreisman, chief of the Video Services Division of the FCC, which oversees wireless cable licensing, says she can't remember a single waiver being granted. "It would be extraordinary," she says, to find a situation where a waiver had been granted.

Unfortunately, most of the victims never thought to ask about waivers.

In April 1992 the FCC ended its lotteries for wireless cable licenses, but the scams continue unabated. Consider this recent pitch from Lorraine Goldfarb, boiler room salesperson for Fort Lauderdale based Star Tech Communications.

Goldfarb: "Did you by any chance see any of the AT&T ads where the man is at the beach, and out of his beachbag he takes a small notebook-size computer, attaches a PCS phone and faxes from the beach to the mainframe computer? That's what this is all about."

In short order Goldfarb lays out the pitch: For $21,000 I can be part of a partnership that will bid in the FCC's next round of auctions for personal communications services licenses.

"Our game theory strategists," Goldfarb adds, "believe we should acquire one to three licenses per [$1.05 million] partnership."

Potential victim: "How much will they be worth?"

Goldfarb: "Five years out, you're looking to amass $225,000 a year for the rest of your life and your children's lives."

And who's doing the game theory work? "Technoplexy," she says, "which is Marcus Dalton's company."

Page through the partnership agreement, and you'll never complain about a mutual fund load or a real estate agent's 6% again. Half the $10,500 goes to sales commissions and other marketing expenses; engineering studies and other charges chew up another $3,300.

That leaves you and your other partners, who kicked in $1,050,000 to grab a piece of the information superhighway, with just $200,000 for bidding. That is not enough to register with the FCC as a bidder for a "target market" like Charleston, S.C., much less enough to bid on it. You are buying a ticket, but it will never get you past the box office.

The auctions, originally scheduled to begin on Aug. 29, have been postponed indefinitely in the wake of the Supreme Court decision disallowing affirmative action quotas. As an indirect result of the delay, Dalton and the other auction scammers are allowed to continue to ply their trade. Doing a quick back-of-the-envelope calculation, Pendleton Waugh estimates that the PCS auction deals are bringing in $12 million a month.

How seriously is one to take the word of a jailed, convicted felon like Pendleton Waugh? Says Mark Knops, Enforcement Counsel for the Securities Division of the Arizona Corporations Commission: "Penn Waugh knows this business inside and out. You can quote any number from him

"Wireless cable could have been another cellular," says Dalton, launching into a conspiracy theory in which the FCC and Hughes Electronics teamed up to scuttle the industry. "But something went wrong along the way to the promised land."

as being as credible as anything a regulator would tell you."

How does Dalton stay so far ahead of the law? Here's what one player tells us: "If the federales come down on a phone room for misrepresenting the project, Marcus is insulated even though he's the one that tells them the hype."

Finally we confront master scamster Marcus Dalton:

Are you clearing 10% on the PCS auction deals? we ask.

Dalton unleashes a long, somewhat forced laugh. "I wish it were true."

Hasn't he netted $15 million to $20 million over the years?

"I couldn't tell you how much the gross was, or the net, but I can tell you that we've not been unhappy with the results."

Have your investors been equally happy? Dalton launches into a long-winded conspiracy theory: The FCC and Hughes Electronics (owner of satellite broadcaster DirecTV) teamed up to scuttle the wireless cable TV industry.

Dalton and his ilk like to boast that their salespeople are subject to rigid compliance rules in their sales tactics. That compliance is generally about as genuine as the shots at winning a license.

"Twenty minutes before the compliance call [to the customers] comes in," explains a sales manager on a couple of particularly slimy deals, "the salesman calls and goes over the questions and schmoozes the customer. On the risk disclosure questions, the really bad ones, like, 'Do you realize you can lose all your money?' usually the salesman will say, 'That's a generic statement written by the government. We already covered that, right?' And you make 'em say that." Nod, nod. Wink, wink.

"It works pretty well," says the former sales manager. "I never had a single person not make it through compliance."

Would that Marcus Dalton were the only crook out there in cyberland. He isn't. Another big player is Joe Steingold, whose record in the sleazy end of the wireless communications business dates back to the first FCC

Necessity:

Must demonstrate that better design doesn't have to cost more.

•

Must provide unique, all-weather play area for children.

•

Must be easy and affordable to maintain.

•

Must use natural light throughout to animate all living areas.

•

Must take advantage of an exceptional site, surrounded by Puget Sound and woodlands.

•

Must be designed for minimal environmental impact.

•

Must increase in value at a rate greater than the market as a whole.

•

Must be absolutely unforgettable in design.

AIA

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license application mill, American National Cellular.

"Listen, I'm retired for about eight months already," Steingold barks in a Chicago accent, talking from his office in San Diego, Calif. "I'm 65 years old. I was in the telemarketing business *ten years ago!* Haven't been since."

Come on, Joe. That's not what the California Department of Corporations found in April 1994 when it raided an office in San Diego, looking for evidence on so-called wireless cable build-out promoters. "We didn't know it was Steingold's office at the time, but when we went in, his desk was there," says Kathryn Holguin, an investigator with the California Department of Corporations. According to the department, Steingold's deals took in at least $24 million from investors in deals to build wireless cable systems in Reading, Pa., Shreveport and Baton Rouge, La. They never saw a penny back.

These days, despite his denials, Steingold is said to have turned his attention to deals to build out specialized mobile radio systems. His hucksters tell their victims that their company already has a license and needs money to develop it. Of course, since most of the money raised goes to salespeople and other expenses, little is left for "build-out."

Take Mid-Tennessee 3rd Mobile, which earlier this year closed out funding a $26 million deal (FORBES, *Feb. 13*), and Roamer One, also called network of SMR systems.

Roamer One is owned by a publicly traded company called Intek Diversified Corp., brainchild of Britisher Nicholas Wilson. A veteran of cellular's early days, Wilson was barred from the securities industry for a year in the early 1980s. Like Dalton, Wilson has learned to distance himself from the actual promotions.

Hence, Roamer One doesn't dirty its hands in raising money for the 500-odd SMR build-out deals around the country that will supposedly be tied together in the network.

Here's what a boiler room pitchman recently told a potential sucker: "Nick Wilson is the same fella that started Cellular One ten years ago and sold it to Craig McCaw."

That's a baldfaced lie. But it helps to sell the $14,950 partnership units. The alleged McCaw connection has also helped to push Intek's Nasdaq-traded shares from 2¾ to a recent 9⅜ since January. At that price Intek has a market capitalization of $99 million—53 times the company's trailing 12-month revenues.

The rape and pillage goes on. In December of 1994 California's Department of Corporations brought actions against 426 individuals, boiler rooms and promoters who were pitching phony cyberspace deals worth $850 million. But, says California's assistant chief of enforcement, G.W. (Bill) McDonald, who also chairs the board of the National White Collar Crime Center, "The states have brought hundreds of cases involving these high-tech deals, but we're just stomping at the tentacles. We need to go after the head of the octopus."

Which head isn't all that far away, Mr. McDonald.

CERTIFICATE OF SERVICE

I, Kerry E Deignan, hereby certify that on this 12th day of September, 1995, a copy of the foregoing Consolidated Opposition to Petitions for Reconsideration was served by first-class mail upon the following:

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